

Legislative Issue Brief – Sales Tax Exemptions for Local School Systems



Catawba County Board of Commissioner's Legislative Goal

Support an exemption of State sales tax on purchases made by local school systems

Background

Over the past few years, the General Assembly has partially restored the sales tax refund for schools. The 2.25 cent sales tax (local option) refund for schools was restored in Fiscal Year 2005-2006, but a refund for the State portion of the Sales tax has not been restored. If school systems continue to be required to pay the entire State sales tax, they may seek additional funding from counties to offset this loss of funding. It is estimated that the three school systems in Catawba County spend about \$450,000 per year on state sales taxes. These funds could be put to better use toward the education of Catawba County's children.

During the 2008 Short Session, many bills were introduced to address this issue, but none were adopted. The Bills introduced included House Bills 2137 and 2548 and Senate Bills 1792 and 2084. Additionally, House Bill 2355 was introduced, which would have extended the same provision to community colleges. However, this Bill was not adopted.

In the 2009 Long Session, one Bill was introduced that would provide a sales tax refund for community colleges (House Bill 228/Senate Bill 313). Multiple bills were introduced to refund sales taxes for public school administrative units. These included House Bills 299 and 711, Senate Bill 462, and Senate Bill 312/House Bill 386. None of these Bills moved beyond committee during the Long Session.

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